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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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## **School Property Tax Control Board Meeting Minutes February 21, 2008**

**Call to Order:** The monthly meeting of the School Property Tax Control Board was held on Thursday, February 21, 2008. The meeting was held in the Indiana Government Center South, Conference Center Room A, 302 West Washington Street, Indianapolis, IN 46204. Those in attendance were Chuck Nemeth, Denise Seger, Debbie Hineline, Joe Bronnert, Morris Mills (attended first two hearings only), Roger Umbaugh, Richard Besinger, Tony Samuel, and Linette Pedigo, Administrative Secretary.

**Minutes and Discussion:** No minutes were available for approval. Mr. Nemeth motioned to retain the same officers for the Board. The motion was seconded and carried by a vote of 8-0.

Mr. Bronnert commented that the vote on the Flat Rock – Hawcreek School Corporation was not well received by the town of Hope, but the Board did what they thought best, keeping in mind the overall effect the project would have on the citizens and their property taxes.

**North West Hendricks School, Hendricks County:** Officials are requesting approval of a 24 year lease in the amount of \$ 47,000,000. The appeal was properly advertised. The tax rate impact of this project is \$.5000. The Common Construction wage scale was approved by a vote of 4 in favor, 0 against and 1 abstained.

**Present for the hearing:** Leo Philbin, Superintendent; Jim Diagostino, Principal; Ryan Nickoli, Athletic Director; Jane Herndon, Ice Miller; Jim Shanahan, Ice Miller; Kevin Shelley, Schmidt Assoc./ Architect; Kathy Waite, School Board Member; Steve Sprecher, School Board Candidate; Brad Williams, School Board Member; Doris Martin, Retired Supporter; Ernie Martin, Retired Supporter; Judith Pingel, School Board; Connie Bowman, School Board; Gwen Taylor, Principal; Richard A. Thompson, Former Principal; Larry F. Rambis, Former Superintendent; Lisa F. Tanselle, School Board President; Richard Kins, Assistant Superintendent; and Randy Ruhl, City Securities Corp.

**Project:** The North West Hendricks School is in need of new construction of a 98,051 square foot Pittsboro Primary Elementary School for an estimated cost of \$19,038,627. They currently service K thru 2 and send their Preschool students to Western Boone School. The new building will be located adjacent to the existing Pittsboro Elementary and land currently used for sports fields. New Facility Appeal for the new elementary school - \$450,000 per year equals \$.08. The

Pittsboro Elementary construction estimate per square foot falls within the DLGF baseline threshold.

They further wish to do remodeling of 138,968 square foot to the Tri-West High School for an estimated cost of \$15,117,831. The building is over 30 years old, and requires an extensive renovation. Finally they wish to make an addition of 52,584 square feet to the Tri-West High School for an estimated cost of \$10,116,014. The Tri-West High School construction estimate per square foot falls within the DLGF baseline threshold.

Current debt rate is \$.3488 w/ an anticipated increase of \$.50 for this total project.

The lease shall be paid as follows: \$645,000 per payment payable on June 30, 2009 & December 31, 2009, \$1,525,000 per payment payable on June 30, 2010 & December 31, 2010. Annual rate of \$ 3,875,000 beginning on June 30, 2011 through & including December 31, 2016 and at a rate of \$4,500,000 beginning on June 30, 2017 through & including December 31, 2023 and at a rate of \$5,175,000 beginning on June 30, 2024 through the remainder term of the Lease.

**Comments:** Leo Philbin stated that their project is a \$47 million dollar bond project that is in response to the growth experienced in the area. In response to Mr. Bronnert's question about the circuit breaker, Mr. Philbin stated that in their county, the districts affected by the circuit breaker will be Brownsburg, Avon, and Plainfield. Millcreek, Danville, and NW Hendricks are not listed as being severely impacted by the circuit breaker. Mr. Mills commented that he believes they are right at the top of the circuit breaker limit and that by adding 50 cents they will be going over. Mr. Philbin responded by saying that 50 cents is their cap, and that he believes that they will not come in at 50 cents for this particular project, since interest rates are falling and they are 7-8 months away from selling bonds. Mr. Mills then commented that since three towns are over their circuit breaker limit, as well as the county itself, who is going to divide the money up? Jane Herndon, from Ice Miller, commented back that since the Board occasionally asks for the effects the circuit breaker would have on certain districts, the LSA report given to you is synthesized, and though there is a minor effect on NW Hendricks, the information in the reports are the major hits that the LSA is predicting based on House Bill 10-01, without this levy. Mr. Mills then commented that they're going to have hits already, and that they're proposing to add 30 – 50 cents on top of that? Mr. Philbin then responded by saying that its not going to be a factor in this district because by the time this hits the tax rules in 2009, who knows what's going to happen in the legislature. With continued growth and increased assessed value, there will be very little impact on our district. Mr. Mills then asked why they thought there would be a 10% housing increase when there is no market for building new homes? Mr. Philbin responded by saying that although people are having a hard time selling their homes at this time, it is an ideal time for new home buyers to be shopping around and buying homes.

In response to Mr. Bronnert's question about the capacity of the district's schools, Mr. Philbin went on to say that North Salem School is already filled to capacity and is not close to an interstate. Pittsboro is close to an interstate and there's a lot of growth there, and that growth has already exceed the demographic expectation. Pittsboro is the school they are trying to help by building the small K-2 school next to it. They can't expand the school because the fifth grade is already in portables outside the building, the cafeteria is already struggling and there are

problems with the bathrooms. They thought that splitting the school up would be the most efficient solution.

Mr. Besinger went on to add that they were expecting to increase by about 40 students a year, which is not a great growth, and that all their buildings are listed in excellent condition, so why would they need work done on them? Mr. Philbin then stated that “excellent” may be an overstatement. North Salem, Pittsboro, and the high school are all old, but they are still being used. Mr. Besinger wanted to know why they rated them as being in excellent condition if they are not in excellent condition.

When asked by Mr. Besinger about the number of gyms in the high school, Mr. Philbin stated that there is a performance gym and a small practice court around it where the bleachers open up.

Mr. Besinger then commented on their loose equipment, saying they have it listed as \$630,000 and then at \$402,000, so he asked what all that equipment entails. Mr. Philbin responded by saying that the science rooms are very expensive, and that music storage, a new computer lab, and more tables and chairs in the cafeteria are needed

Mr. Besinger also asked how many new additional classrooms there will be in total, with all the projects together. Mr. Shelley said there will be two brand new science rooms, five new ones in total that will be created out of reconfiguring the shop classrooms in the high school. He added that they will not be getting rid of the shop space, but instead will just be reconfiguring it to make it more efficient. The elementary school will have eight new kindergarten classes, six new first grade classes, and six second grades classes; so 20 new classrooms for early childhood education. Mr. Umbaugh then inquired about how many of the portables are going to go away. In response, Mr. Shelley said all four of them will be going away.

Mr. Umbaugh then wanted to clarify that there are not sufficient funds in the General Fund, and that there is no capacity to do a GO Bond, which would be a significant help for this project. A respondent said their capacity is well under that. Mr. Umbaugh then asked if there is enough in the Capital Project Funds to reduce the total impact. Mr. Philbin said they filed an appeal for future construction that was denied by the DLGF, and some funds were offset.

Mr. Ruhl from City Securities then went on to explain that in the lease there are 2 tracks. In the high school they could utilize upon closing the bonds for their lease premises that would put them in the position to make lease rentals as quickly as possible. The elementary is track 2, and they would not be able to make payment until that facility is completed, which would be 2010. So they have structured payments in 2009, so with bonds being sold later this year, that would put them in position to have the tax rate levied in 2009, and capitalizing interest only through July of 2009 would provide one more resource of bond hours to go towards this project. And since the estimate is high and with the decreasing interest rates and a good bidding environment, the capitalized interest component will go down significantly, in addition to the lease rental.

Mr. Umbaugh then asked about bond insurance. Mr. Ruhl replied by saying that it was something he put into the capitalized interest component, though he’s not quite sure they are going to use it or not; it is just an option. When asked by Mr. Umbaugh what the \$746,000

expense in the “Other Project Costs” was, Mr. Ruhl said there were some permit and impact fees, and that he can provide a detailed list if necessary.

Mr. Mills then commented that he does not believe there is going to be enough levy increase for this project. In the last poll he saw from the legislature, 85% of people favor property tax control. The lowest rate he believes they can get is \$1.24, and because there are still town rates and the county rate to cover, and he just doesn’t feel it’s possible with a \$1 cap. Mr. Philbin then went on to say that people really appreciate their tax dollars going to schools. Mr. Mills then says he knows what extra gyms and auditoriums cost and that they are heading for a crisis, with a possible large tax increase on farmland.

Ms. Hineline then asked if the corporation has a master plan for the next 5-10 years. Mr. Philbin’s response was no. Ms. Hineline then asked if they have the funding to get this building up and running if the facility appeals go away with 10-01. Mr. Philbin said that since this building is designed for future growth, and with full-day kindergarten, that when this school opens not every room will be used, so they will not have to spend it all anyways as long as the student growth continues.

**Motion:** Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$5,175,000 for a term of 24 years. Dr. Seger seconded the motion, which carried by a vote of 5-3. Mr. Mills, Mr. Besinger, and Mr. Samuel cast the dissenting votes.

**Rush County Schools, Rush County:** Officials are requesting approval of a 22 year lease at an annual lease rental of \$ 2,165,000. Total project is in the amount of \$25,000,000. The appeal was properly advertised. The tax impact of this project is .0820. The Common Construction wage scale meeting was held on January 28, 2008 and was approved by a vote of 3 in favor, 1 against and 1 abstained. The unit estimates a new facility appeal of \$220,000 or \$.0312 tax rate.

**Present for the hearing:** Jane Herndon, Ice Miller; Jim Shanahan, Ice Miller; Dennis Chambers, Asst. Superintendent; Julie Innis, Principal of Arlington Elementary; Sue Lebo, Principal of Milroy Elementary; John D. Wilson, School Board Member; Kermit Paris, Sr. Regional Manager of Rush Co. Farm Bureau; Jeff Slaton, School Board President; Dr. John Williams, Rush Co. Schools Superintendent; Jeff McDaniel, Rush Co. Teacher; John Webb, Rush Co. Resident; Douglass Morrell, Rush Co. Resident and Former Board Member; Cindy Sickbert, Rush Co. Arc; Jeff Getlinger, Resident; Michael R. Wicker, Resident; Scott C. Veazey, Architect from VGS Architecture; Anita Jackson, Rush Co. School Board Member; Verlin Custer, Vision 2057 Committee; Jean Ann Harcourt, Vision 2057 Committee; Tim Shuppert, Rush Co. School Board; Steve Sickbert, Rush Co. School Board; Lisa Gettinger, Taxpayer; Jack Krouse, CCI President; Tammy Jackman, Rush Co. Parent; William Walker, Rush Co. School Board; John Worth, Attorney; Curt Pletcher, Financial Advisor.

**Project:** The Rush County School project is to purchase 45 acres of land at a cost of \$6,229 per acre. They also plan the demolition of 6,170 square foot of Arlington Elementary School and then do new construction of 59,500 square feet at a cost of \$10,361,607. They plan the

demolition of 10,300 square foot of Milroy Elementary School and then do new construction of 59,500 square feet at a cost of \$ 10,462,107. Finally they wish to make an addition to the Rushville Elementary School of 9,790 square feet for a cost of \$1,669,806. The cost of demolition and purchase of land has not been included in these figures.

The resolution to adopt the lease agreement/determination to issue bonds passed the governing body by 4 to 3. Board members are not in agreement with the project options selected and supported by the majority of the community. There was a petition/remonstrance filed with 3,668 for and 1,739 against. The school corporation did not make any modifications to the project after the filing.

**Comments:** Mr. Williams, Superintendent, began by saying that Arlington Elementary was constructed in 1909, Mays Elementary was constructed in 1929, Milroy Elementary was constructed in 1913, and Rushville Elementary was constructed during the time of Gerald Ford's Presidency. The middle school was constructed in 1984, and Rushville Cons. High School was originally constructed in 1956. Mr. Williams then goes on to say that the Board of School Trustees has considered many options over the past 25 years prior to determining the direction to take. The main consideration has been developing a project that the entire county and the school corporation can embrace. Options are to do nothing; build a new elementary school or renovate all current structures; build new and/or renovate Milroy and build one county school to replace Arlington and Mays, and locate that in the city of Rushville; build a new facility or renovate Arlington and Milroy, and do nothing to Mays; or consolidate the three county elementary schools into one centrally located school behind the current elementary school in Rushville. In 2/05/07, the Board of School Trustees voted to replace Arlington Elementary School, which rates poor on the DLGF requirements, is not ADA compliant, not energy efficient, and is not up to code due to grandfathering. The feasibility and cost analysis that has been conducted indicates that renovation is not an acceptable alternative. The plan also calls to replace the current Milroy Elementary School, which also rates poor on the DLGF requirements, is not ADA compliant, is not energy efficient, and is not up to current code due to grandfathering. Again, the feasibility and cost analysis indicates that renovation is not a financially acceptable alternative. Mr. Williams then continues to say that the plan also calls for the addition of four classrooms to Rushville Elementary School, which has a fair rating when applying the DLGF's criteria. This addition is to accommodate the currently-growing special needs population, and the full day kindergarten. Through the Capital Project Funds, and not a part of this funding project currently at hand, the plan also calls for an upgrade to the Mays Elementary School. The Board has made a conscious decision to keep four elementary schools, three of which are in the county, and to limit the project to 25 million dollars. Mr. Williams then goes on to say that the debt service rate impact will be 8 cents if the maximum interest rate is used, and if the current interest rate is used, the impact will be 6 cents over the current rate, which is 20 cents. So the range will be roughly 26-28 cents total, which are just estimates. The current corporation indebtedness is ½ of 1%, and this process will take them to approximately a 3% indebtedness. So to the average taxpayer whose home is valued at \$82,300, the monthly impact will be \$2.68 at the maximum interest rate, and \$2.24 at the current lower rate. For farming the impact will be 93 cents per acre at the maximum interest rate, or 78 cents per acre at the current rate.

Mr. Williams continues by saying that the design plans for both new schools are identical and that they each address the inhibiting factors of the previous schools and will allow for future additions to be made with little disruption or aesthetic interruption. Because of the identical designs, money is being saved from a fee standpoint and with the duplication of materials. Further, the design comes in below the \$149.50 per square foot threshold. In addition, Mr. Williams added that the current boundary lines will have to be reconfigured with the potential for additional bus routes to be added.

Mr. Williams then goes on to say that this plan has been well publicized, and a remonstrance did take place. On Oct. 9, 2007, a public work session was held and objectors were given an opportunity to speak their case before the Board of School Trustees, as well as to determine if there was a compromise position that could be reached. After discussion, the petitioners were not willing to compromise their position. Their opposition is to consolidate the three elementary schools into one elementary, and place that behind or close to the Rushville Elementary School. This position was considered by the Board, and then rejected by them. Because no compromise could be reached, the remonstrance process continued until the petitioners got 3668 allowable signatures, while the remonstrators collected 1739 allowable signatures. Mr. Williams then commented that they have received over 100 letters of support for the project.

Mr. Williams then remarks that along with educational changes, there have been changes in environmental factors. The current structures at Arlington and Milroy provide great challenges in meeting the education, environmental, and safety factors which education is currently dealing. Mr. Williams adds that in order to meet these challenges, new facilities are required.

Mr. Williams then gives the floor to Senator Jackman, who stated that the project is really passionate to him, and that 20 years ago he started an initiative to save Rush County Schools. He then stated that this current School Board is the first in 25-30 years to actually come up with a plan.

Mr. Paris, Farm Bureau, then took the floor to say that he and his members support not centralizing the schools, but keeping the rural elementary schools. The vote came in at 68% being for it. He then goes on to say that this project has been properly planned as another one goes off, so the tax bump is very nominal. In Rush County, agriculture pays about 40% of taxes, 34% of property taxes are from residential taxpayers, and 16% is from industry and commercial businesses. In 2006-07, the school levy was at a -2.9% growth factor, and the total levy growth of Rush County was only 0.15%. He then goes on to say that Rush County property taxes have grown by almost 51% in the last 9 years, which is 14% less than the state average. There is also very little current debt in Rush County.

Mr. John Webb, a Rush County resident who taught in Rush County schools for 30 years, stated that he is not opposed to a building program, but the remonstrance group thought that this was the most expensive plan. He then goes on to say that the plan will add four bus routes, at about \$40,000 a piece, where if they did a centralized building program, it would reduce the number of bus routes, as he was told by the school, by about seven routes. So 11 bus routes at \$40,000 a piece is about ½ million dollars. And this is something that is yearly, it will not roll off the taxes after the bond is paid off. Mr. Webb then adds that when you do two 2-section schools, in

Arlington and Milroy, and you keep a one-section school in Mays, it is impossible to balance class sizes. Too many teachers and administrators will be there than need be.

Dr. Douglas Morrell then took the floor and states that Rush County has declining enrollment. They will end up having more infrastructure than students. He then states that teachers there are amongst the lowest paid in the State. In order to have a pay raise last year, six positions were removed from the middle school. He then states that the problem is the General Fund; so much money will be spent on infrastructure and administrators, and the money they get every year decreases because of declining enrollment. That is going to affect teachers' salaries and programs. Then he said that the people that were for this program were well-organized, they've run political programs before, and they were well-financed. The taxpayer group didn't organize until after the decision was made, they've never done it before, and were quite inexperienced and under-funded. That is the problem with the remonstrance program. Dr. Morrell then added that if this program is passed, the school system is going to have a severe cash-flow crunch. The problem is not financing the buildings, its running the school systems.

Mr. Samuel then asked Dr. Morrell if he had an alternate plan. Dr. Morrell then answered by saying that there are two options that made sense to him. One being having another localized elementary school in Rush County, and the other one, the one Dr. Murrell himself prefers, being to have a building in Milroy and another one on the outskirts of Rushville, closing both Arlington and Mays Elementary Schools. He says you can make an argument for two or three elementary schools in Rush County but not four; not with the declining enrollment.

Mr. Jeff McDaniel, President of the Teacher's Union in Rush County, agrees with Dr. Morrell in saying that Rush County has a terrible time directing dollars directly to the classroom, as the Governor has called for. Our overhead is high compared to the dollars we can put in the classroom. There is a 1:15 ratio of certified staff to student, which is wonderful. The difficulty is the school district has a hard time finding teachers who are willing to work for less. Mr. McDaniel then states more than half of the population and more than half of all students live in Rushville Township. This will inevitably force the closure of Mays; it will require us to take students out of the south and the west edge of town because there will be constant pressure to balance up the classrooms. Mr. McDaniel then states that the proponents of this plan are pushing the growth of the county, but there is no growth. The Honda plant is coming, so he hopes it will inspire growth. He said that the Board is right by saying that we need growth and new buildings though.

Ms. Sickbert, Rush Co. Arc, then took the floor, and stated that the Rush County school system has failed their special education students. There have been multiple complaints and lawsuits. She then said that this new project will not benefit the special need students. The teachers are being paid in the lower 25% of the state, and the special education suffers because there are no quality teachers.

Mr. Nemeth then asked whether any of the three members of the Board that voted against the project were present, and Mr. Steve Sickbert came up. Mr. Sickbert said he voted against it because he has always been trying to make economic sense out of the project. He then said that this program will not address the final needs of the elementary schools. Mays is an older school

that will still not be ADA accessible, so it should all be addressed at one time instead of leaving the fourth school there. In addition, Mr. Sickbert said that the proposed property tax caps will eventually force the choice between classroom space and teachers and programs for the schools. Also, there were compromises that could have been made that weren't made. Overall, this plan does not address all the needs that need to be addressed, and will put us in a financial lurch.

Mr. Nemeth then asks Mr. Sickbert about the current financial situation, like if their cash balance is healthy and if they're paying all their bills on time. In response, Mr. Sickbert stated that they pay their bills quite well. He is worried that this will create more cash flow. The biggest problem is that they will have to bus about 150 kids out of Rushville Twp. to other county schools; he believes that schools should be built where the kids are.

Mr. Samuel asked about Mr. Sickbert's earlier comment that there was a point where compromises should have been made. Mr. Sickbert responded by saying more time could have been put towards it and that not all economic consequences were looked at. One other comment was that it doesn't make sense to be building more schools in an area with a declining population. He thinks they could have arranged for a second school someplace else and have closed all three of the older schools.

When asked by Mr. Samuel if there was any response to the objectors, Mr. Williams said that the Board voted to move forward with the process that was in place for objectors to object. An opportunity was given to listen to the responses and the community has spoken through the system that has been set up and they have moved forward with the standpoint. Mr. Samuel then asked if the remonstrators never offered a compromise, and Mr. Williams stated that they hadn't. Mr. Worth, school attorney, remarked that he didn't think they'd be there if the objector's plan had come through. The 4-3 vote is split between those living in the Rushville districts and the outlying districts. With regards to growth, Mr. Worth commented that there will be substantial growth in the future because of the Honda plant and interested developers. Also, he stated that yes, teachers are paid less, but it also costs a lot less to live in Rush County, and it's a way of life.

Mr. Umbaugh then commented that he liked the fact that the school district will be out of debt before the project comes on. He then asked what kind of money the school district will be saving, or what kind of reduction in the term of payments will be reflected by refunding some of their existing debt. Mr. Curt Pletcher from Umbaugh, answered by saying that currently the corporation has two issues outstanding; the first is from the 1997 to 1998 series in which their final payment will be Jan. 15, 2012, and they are looking to refinance that and shortening the final payment of that to July 15, 2010. That will cause an estimated savings of about \$450,000, and will allow the corporation to bring this project on the tax rolls and maintain that 6-8 cent impact on the debt service tax rate. Mr. Pletcher went on to say that without this accomplishment, the tax impact would have been around 14-15 cents. Mr. Umbaugh then commented that they in essence reduced the cost to the taxpayers by about \$400,000.

Mr. Mills then commented that he thought it would be appropriate for the school to submit along with their application a pro form of operating statement with the consolidated debt compared to this month. He thought that what goes on in their total general fund is set by the state and they



are not going to have any leeway in operating it. Mr. Mills then stated that their transportation costs are going to escalate faster than anything and that they really need to take a good look at the calculations for those. Mr. Mills then said that he agrees that the buildings are old and need to be replaced, but he does think they need to take one more good look at the operating costs as well.

Mr. Bronnert then commented that he thinks the school district needs to put more emphasis on the cost, and a little less emphasis on the difference of the cost. He then stated that, after speaking with local legislators, they should entertain a consolidation with Eastern Shelby Schools. He said this would solve the problem of declining enrollment and not having enough money for teachers. Mr. Bronnert then said that Eastern Shelby has the same problem because they want small schools and don't have enough money to operate their school system.

**Motion:** Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$2,165,000 for a term of 22 years. Ms. Hineline seconded the motion, which carried by a vote of 7-1. Mr. Bronnert cast the dissenting vote.

Mr. Mills commented that he supports the project but would like the actual cost results published somewhere for people to take a look at.

Mr. Bronnert commented that he would not support the project because of the declining population, and that the upcoming Honda plant being built in the area is not going to increase the population that much because most of the people are already living in the area.

**Metropolitan School District of Bluffton-Harrison, Wells County:** Officials are requesting approval of a 17 year lease with an annual lease rental of \$210,000. The total of this project is \$ 1,985,000. The appeal was properly advertised. The tax rate impact of this project is .0649. The Common Construction wage scale was approved by a vote of 3 in favor, 1 against and 1 abstained.

**Present for the hearing:** Jane Herndon, Ice Miller; Julie Wood, Bluffton-Harrison Superintendent; Deryl Elliot, President; Brent Hidery, Secretary of School Board; Dave Wannemacker, Barton – GE – Vamaa; James Elizondo, City Securities; Craig Martin; Cale Campbell; and Tim Pitts.

**Project:** The Metropolitan School District of Bluffton-Harrison plans to remodel 135,000 square foot of their existing facilities of the Bluffton-Harrison Middle School. The total estimated cost of construction per square foot is \$12.88.

The 1028 Hearing was held on 01/14/08. This project does not qualify for the petition and remonstrance process as it is under \$2,000,000.

**Comments:** Ms. Julie Wood, Superintendent of Bluffton-Harrison Schools, stated that they need to replace the HVAC system at the middle school. The school was built in 1976 and the HVAC system is the original system from 1976. The system is not energy-efficient and they have not

been able to find parts for the system itself. They can't even find the refrigerant; they have to have it specially manufactured. She then states that is not something that they just want to have done, but that it truly needs to be done as they fear that one day the system is going to go down and they will be in the middle of school and there will be no heat in the winter or no cooling in the summer for the kids. Furthermore, Ms. Wood added that the system is causing a large drain on the CPF fund. The replacement parts are expensive because they have to be specially made, and staff gets pulled away from doing other things in the school district because they need to service the system, both of which are large costs to the district. Ms. Wood then stated that there are large fluctuations within the building; some parts of the building will be much warmer than other areas. Also, the system is so that it must be shut down if you want to turn on the air, or shut it down if you want to turn on the heat; there is no dual-system.

Ms. Wood went on to say that they brought in four companies to take a look at the system, as well as to take a look at the elementary system, which is also a very old HVAC. She then stated that all four companies agreed that the middle school system is the top priority. From that, the four companies presented to the Board what they felt was needed at the middle school. The Board then put together an RFP process and hired a consultant to help develop that so they would have a diverse scope. After sending out the RFP's, two companies responded and gave them back their RFP's along with schematic designs. After reviewing them and getting recommendations from the consultant, the companies were brought back for further clarification in an open Board meeting, where they addressed questions and gave their proposals on how to fix the things that weren't what was needed as a district. Ms. Wood then stated that from there, they selected one company to do the work, which was a process that took them about a year and a half to complete. She then said that they would like to begin work this summer so that the new system will be in place for the start of the 08-09 school year.

Ms. Hineline asked what kind of cost the two companies that responded to the RFP's gave them. In response, Ms. Wood stated that both of them came in under 2 million dollars, and that they asked both of them to take a look at parts that could be done through the CPF fund, rather than through this project but didn't necessarily have to be tied in with it. So there were alternates that stood out there, so the main HVAC system came a little under 2 million dollars.

Mr. Bronnert then stated that he has a problem with the way they went about financing the project. Mr. Umbaugh then asked what the expected life of the HVAC system is. In response, Ms. Wood stated that it is about 20-22 years. Mr. Umbaugh then stated that they have a 15 year issue that could have been done with a six year GO Bond, but that he doesn't have a problem with that because the life expectancy is going to be in place, and you'll be paying for that asset over the term of its life.

Mr. Bronnert then stated that since there is very low debt in the school system, he was concerned about leaving the 2 million dollars in GO. Ms. Wood said they considered the GO, but they did want to keep it for emergency situations. The elementary school's HVAC is right behind the middle schools, so they wanted to save it for emergencies in case they had to do work on the elementary. Ms. Wood then went on to say that there are roofing issues, so they'd need those funds for emergency needs.

**Motion:** Mr. Umbaugh made a motion to approve the lease rental agreement for a term of 17 years with a maximum rental payment of \$210,000. Mr. Besinger seconded the motion, which carried by a vote of 6-1. Mr. Nemeth cast the dissenting vote.

**West Lafayette Community School Corporation, Tippecanoe County:** Officials are requesting approval of General Obligation Bonds for 6 years in the amount of \$1,700,000. Advertisements have not been received. The tax rate impact of this project is .0430 with an estimated annual payment of \$400,000. The Common Construction wage meeting has yet to be held.

**Present for the hearing:** Rocky Killion, Superintendent; Dianne B. Sautter, School Board President; Konstance L. Laws, Treasurer; Roland K. Winger, School Board Vice President; Jim Merten, Financial Advisor for City Securities; Thomas Peterson, Board Counsel for Ice Miller; Denny Cahill, Odle McGuire Shook; and Gerard Skibinski, Odle McGuire Shook.

**Project:** The West Lafayette Community School Corporation plans renovation of and improvements to the Cumberland Elementary School building and the renovation of and improvements to the Burtsfield Elementary School building. They do not anticipate a new facility appeal. Competitive bond sales were selected by the school for this project. This project does not qualify for the petition and remonstrance process as it is under \$2,000,000.

**Comments:** Mr. Rocky Killion, Superintendent, stated that they would like to add four classrooms to Cumberland Elementary School, which is a school that has all its classrooms currently filled. He then went on to say that Cumberland is a K-3 building that houses all their kindergarten classes, which consists of 4 full-day and 3 half-day classes. They are wanting to expand that according to Senate Bill 567, to look at expanding their full-day kindergarten program. He stated the Board and the community are very supportive of adding four classrooms to Cumberland so they can increase all-day kindergarten, as well as add a computer lab so they can have instructional technology available. Mr. Killion then went on to say that they also have a school that has been sitting vacant for approximately ten years. It is a school that is very dilapidated and is costing the taxpayers in the school district about \$100,000 a year to maintain a building that is empty. It does not have very good infrastructure; it would take a lot of money just to renovate it. Mr. Killion commented that they have had several architects look at the building. He said it is a safety issue because it is filled with asbestos; asbestos tile and asbestos piping. So part of the project would include demolition of that site and using a process by which all of it could be grounded and the site would have future potential per a blue ribbon committee study that was done several years ago. Mr. Killion then stated that the square footage for the construction is approximately \$152/sq. ft per the \$1.2 million calculation.

Mr. Umbaugh then commented that he believes the numbers are in the wrong column, but other than that he has no problem with the financing.

Mr. Bronnert then asked if there was proper advertising. Mr. Killion answered by saying that yes, they did have proper advertising that took place on Jan. 25 and Jan. 30. Mr. Killion also added that they had a unanimous vote on the project.

**Motion:** Ms. Hineline made a motion to approve a General Obligation Bond in the amount of \$1,700,000 for a period of 6 years. Mr. Umbaugh seconded the motion, which carried by a vote of 7-0.

**South Bend Community School Corporation, St. Joseph County:** Officials are requesting approval of a 23 year lease in the amount of \$36,165,000. The advertisements have yet to be submitted. The estimated annual lease rental payment will be \$ 2,960,000 with a tax rate impact of \$ .0471. The tax rate impact for a new facility appeal is estimated at \$300,000 with a tax rate of \$ .0055. The Common Construction wage scale meeting was held on January 2, 2008. The Common Construction was approved with a vote of 4 in favor and 0 against.

**Present for the hearing:** John Strauss, Assistant Superintendent of Facilities; Patricia O'Connor, Assistant Superintendent of Instruction; Robert Orłowski, Assistant Superintendent of Finance; Robert L. Zimmerman, Superintendent; Richard Hill from Baker and Daniels; and Curt Pletcher from Umbaugh.

**Project:** This project is to do paving at the Clay High School and the Washington High School, demolition of the Marquette Primary Center (elementary school) to be replaced by the construction of a new 78,000 square foot building and a 19,635 square foot addition to the Monroe Primary Center with remodel to other parts of the same building.

There was a petition/remonstrance drive with 3,133 in favor of the project and 469 against. The school corporation anticipates a new facility appeal in the amount of \$300,000 resulting in a rate increase of \$.0055. The 1028 Hearing was held on 06/04/07.

**Comments:** Mr. Bob Zimmerman, Superintendent, started off by stating that this project is a culmination of a 10 year plan that was started about 10 years ago. Initially they went into a plan to replace a series of old buildings, and now they are down to the point where there are just two remaining schools on their initial plan of replacement and upgrade. These are Marquette Primary Center and Monroe Primary Center. Monroe was built in 1932; Marquette was built in 1936. Both of them have extensive needs with regards to the facilities; heating and cooling systems need to be replaced completely and roof structures need to be replaced. Mr. Zimmerman then stated that after looking in to the projects, they came to the conclusion that it would be in the best interest to build a new Marquette facility and remove the old facility at a later time, and then to do an extensive renovation on Monroe. He then said that Monroe is on the historical records at this point, and being sensitive to the community's desires and needs to maintain the facility, they recommend doing an extensive renovation of that facility to bring it up to date. Mr. Zimmerman further explained that Marquette is not currently designated historical nor does it reside in an historical facility, so the intent is to replace that building with a new facility. He then adds that with Marquette, they are implementing a Marquette Montessori program, and with the implementation of the Montessori program, it would be extremely helpful if they had the option of actually designing and building that building to fit the Montessori model, rather than trying to fit the instruction within the old facility. And that is another reason they are trying to replace the old Marquette facility. Mr. Zimmerman then goes on to say that the Monroe building requires about 95,000 sq. ft. of renovation. They plan on adding another 19,000 sq. ft. of new space, and a

lot of that involves a new cafeteria along with heating and cooling, and mechanical space as well. In addition to the new construction at Marquette, which would be about 7800 sq. ft., it does increase the size of the building slightly as they do anticipate an increase in that area as they just received a magnet grant from the federal government to the tune of \$9 million to implement the Montessori program with the intent of balancing that building racially. Mr. Zimmerman then adds that right now that building is about 90% African American, and the hope is that by establishing a Marquette Montessori program there, that will bring in an additional population from the white community to help balance that without doing a forced-busing there in that neighborhood. Monroe itself is pretty much racially balanced, so there is no concern there.

Mr. Zimmerman continues by saying that they have two additional smaller projects that they would like to be included. They are on the back end of a \$13 million renovation project at Washington High School, and of that, about \$6.5 million was through bond issue. The other \$6.5 million was in capital projects money. He then stated that they've been allocating funds from the capital projects over the past 3-4 years to wrap up that program, and they are getting tapped out in the capital projects right now, and have other building needs across the district that they must focus on. Mr. Zimmerman then said that they still have a transportation issue at Washington in regards to how the buses pull in, but they are working with the city, but also need some additional revenues of about \$1 million to make those corrections. Mr. Zimmerman goes on to state that the other request is for Clay High School, which is in its fourth year of being their fine arts magnet. The enrollments there have been steadily climbing and they need to expand some of their fine arts area. He said they have been allocating what they can to that building in regards to capital project funds, but they now need to do more, and there is just not much in the capital project fund at this time.

Mr. Zimmerman then goes on to state that the Board has made a commitment to the community to maintaining a level financing in the tax base. They've set an arbitrary limit of about 32.6 cents on the tax rate as a self-imposed cap to try and be sensitive to the tax rate. He then says that is one of the reasons their ten year plan has taken as long as it has. They have looked at refinancing and as a result have refinanced some of their current obligations to take advantage of some lower interest rates to free up some space on the tax rate as well as have projects come off the tax rate. He then states that this will have the effect of keeping the rate at its current level without increasing the taxes on the individual.

Mr. Zimmerman continued by saying that they have followed the statute as provided throughout this process, and they did have a remonstrance process initiated. There has been an issue between the Historical Society and the school system and the Historical Society's desire to protect the building, and a request from them to renovate the building versus new construction. Mr. Zimmerman then said that as they looked at the cost estimates, it was more expensive to do the renovation than to do the new construction, plus with the special needs they have in regards to the Montessori, it made sense to build new. As a result of that decision by the Board, the Historical Society did file an objection and they did go through a petition drive. Mr. Zimmerman went on to say that they prevailed on that with an almost 7:1 ratio.

Mr. Samuel then asked if there were any compromises offered by the Historical Society. Mr. Zimmerman answered by saying they have had conversations with them and initially their intent

was to build new and immediately tear down the old building. He then added that in discussions with the HPC along with the mayor and the city council, they said they will continue to look for alternative uses for Marquette so that it may be saved. Also, they are looking for alternative site plans where they could build on the site and still retain the old facility. At this point though, they are not hopeful on finding alternative uses. Mr. Zimmerman then added that they've looked into the possibility of retirement housing but they are looking at a neighborhood that already has an overabundance of vacant housing within the community itself, so adding additional housing does not seem to be a viable option. He then said that the Board has made a commitment to look at its own internal needs in regards to what they could do with the facility, but the challenge is the financial end of it. Mr. Zimmerman went on to say that the two buildings are not air-conditioned, so that continues to be a problem of what they could do with the facility. The heating system itself is very questionable, along with other systems within, so if they do decide to keep the building in the inventory of the school district, there are substantial costs that are associated with that. So at this time, he adds, the Board has not made a commitment to funding that until which time they can determine a viable use for it.

Mr. Umbaugh then commented on the financing, in which he said that the capitalized interest is reduced by three interim lease rental payments to reduce the overall impact, but other than that he had no problem with the financing.

Ms. Hineline then asked that since St. Joseph County is going to be hit hard by the circuit breaker, will that have an impact on what they are doing or what they might do. Mr. Zimmerman then answered by saying that if the bill does go through, then it will greatly restrict their capital projects even more, and makes this project even more important from the standpoint of getting it underway and moving on as quickly as possible. Then he said that this only emphasizes their need to do this in a bond issue, as they will simply not have the other revenues to even do the minimal types of things these buildings need.

Ms. Hineline then follows with a question about whether they will come back for a new facility appeal, and if that's the case and 10-01 does away with the new facility appeals, do they have the funding to accommodate this new building. Mr. Zimmerman answered by saying that they talked about a new facility appeal, and the appeal would be based on minimal additional square footage. And as a result, most of this is replacement of existing facilities, versus a lot of new construction, and even with Monroe, where there is a sizeable addition, a lot of that is mechanical spaces to handle the new systems. Mr. Zimmerman then added that while there may be an appeal coming, it would not be substantial and if that would be changed in the process, then they feel it could be handled internally if necessary.

When asked by Mr. Bronnert to compare their cost per sq. ft. to the DLGF's construction guidelines, the architect stated that he believes they are very close to the projected comparatives.

Mr. Bronnert then asked what type of heating system they are planning to use, such as one that reduces operating costs or the standard cheapest one. The architect stated that they must meet the Historic Preservation Commission's guidelines, so they will be putting premium systems in with air handlers. He then added that historically, the systems that South Bend Schools have put in are very quality systems.

**Motion:** Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$2,960,000 for a term of 23 years. Mr. Umbaugh seconded the motion, which carried by a vote of 5-1-1, with Mr. Besinger abstaining. Mr. Samuel cast the dissenting vote.

**School City of Mishawaka, St. Joseph County:** Officials are requesting approval of General Obligation Bonds for 8 years in the amount of \$1,975,000. The appeal was properly advertised. The tax rate impact of this project is \$ .0310 with an estimated annual payment of \$305,000. The Common Construction wage hearing is being scheduled.

**Present for the hearing:** R. Steven Mills, Superintendent; Randy Squadroni, Business Manager; Curt Pletcher from Umbaugh; and Rich Hill from Baker and Daniels.

**Project:** The School City of Mishawaka plans to construct and equip new athletic fields to be used for physical education, junior varsity and varsity baseball and junior varsity and varsity softball to be located at Baker Park. The 1028 Hearing was held on 01/22/08. The School district would be able to continue offering its instructional programs, although approval of this project would enable greater flexibility for physical education classes. Physical education classes may well be expanded with the completion of this project, although its major function is to serve the Athletic Program of Mishawaka High School. This project does not qualify for the petition and remonstrance process as it is under \$2,000,000.

**Comments:** Mr. Steven Mills, Superintendent, started off by saying that they are a district that takes up eight square miles, so space is limited. As a school district, they have always had to rely on a park system to assist them with outdoor physical education and athletic facilities. He then added that through cooperation with the City of Mishawaka, they were able to trade a park that they owned and leased to the City for another park that was very close to the high school. It is approximately 26 acres, which would afford them the opportunity to have this facility. Mr. Mills then added that this is something that the community has asked them for a long to consider and put together.

Mr. Randy Squadroni then took the floor and talked about how over the past 80 years, the school system has utilized the local parks for physical education, softball, baseball, and tennis facilities. They have never had those facilities in their school system. Mr. Squadroni then added that though the parks were convenient and cost-effective, the maintenance at time was very poor due to the volume of activity that was used in the parks. Safety is and has always been a concern with the school system, and they feel they have no control over those conditions. He then adds they have a good relationship with the City of Mishawaka, but due to their limited funds the City is not always able to provide the facilities that are necessary for the students. Mr. Squadroni then said that he had received letters and displays of pictures from parents expressing their concerns of poor conditions, safety issues, and how inconsiderate and terrible they are. In Jan. 2004, the School City made an agreement with the City of Mishawaka to exchange some land. They exchanged a 28-acre site for a 14-acre site which was near the high school with the intent to develop the site as a multi-purpose complex. At that time in 2004, it was well-received by the general public. Mr. Squadroni then added that during that same year, they developed a tennis

facility. In 2005, they purchased an additional five acres of land adjacent to the park and developed a soccer facility. He then said that their current proposal for the multi-purpose facility would add a varsity and junior-varsity baseball facility and a varsity and junior-varsity softball facility, along with parking and some infrastructure to complete the site. The site is close to the high school where programs could be utilized without having any interference from the public like they would have at a city park.

Mr. Squadroni further added that on Dec. 7, 2007, the Board approved to advertise for a GO Bond, and on Jan. 8, 2008, they held a public hearing on appropriating the sale of the GO Bond, and at that time there were no patrons that were in favor or against the project. He went on to say that they then held the 1028 hearing on Jan. 22, 2008, and there were several patrons who spoke in favor of the project, none that spoke against it, and one who just wanted more information. He then added that they had over 600 signatures from the community who wanted this project.

Mr. Squadroni then went on to talk about how over the past several years, they have tried to be conservative with their tax rate. They've tried to keep their tax rate as flat as possible. This project will conservatively increase the tax rate in 2009 by 3.1 cents; however, that tax rate is still lower than the current level, the 2006-07 tax rate. He then added that they have delayed some of this process from 2004 because they wanted to see what would happen with reassessments, circuit breakers, and things of that nature. Overall, he stated that they are bringing this project here to provide a safer environment for the students and to fulfill the requests of the community.

Mr. Besinger then asked if they considered taking money from their capital project funds. In response, Mr. Squadroni said there is not enough money in the capital project fund. There is only \$3.2 million in the fund, so in order to do this it would take several years to try and save up this amount of money to get the project done.

Mr. Besinger then commented that their rate for debt service is more than their general fund, so they're paying out more in debt service than they're paying in the general fund portion of property tax. Mr. Squadroni responded by saying that they are always fighting against low assessment because they are an urban community that is landlocked. Most of the businesses are outside their community and those that are in their community are TIF districts.

Mr. Besinger then said that he was concerned about their graduation rate, which is at 52.6%, which is quite a bit below the state average. In response, Superintendent Steven Mills stated that the percentage of dollars they spend on instructional activities is about 8% above the state average, around 70%. He then said that although he agrees with Mr. Besinger that their graduation should be higher and that they are working on that, they can't avoid the importance of physical education.

Mr. Nemeth then asked when the last time the school district was in for a project. Mr. Squadroni answered by saying that it was in 2004 when they built a new elementary school.



When asked by Mr. Nemeth to talk about how the approval of this project would allow greater flexibility with the physical education classes, Superintendent Mills said that they currently utilize mainly Merrifield Park, which is not too far from the school, but it is a public park. There are other activities that may or may not be going on when there are students there on a school day. This really is a safety issue as they would have more control over the area and it would be exclusively for use by the school district during that time. Mr. Mills then added that they would not have to compete with other activities going on in the park. Ms. Hineline then asked what type of classes are they having in the park. In response, Mr. Mills stated that baseball, track, flag football, and all kinds of different activities that would require space that they don't have at the high school. Ms. Hineline then wanted to know how the students get to the various park locations. Mr. Mills answered by saying that, depending on the location, they either walk with the teacher or ride a bus. Ms. Hineline then asked if the classes were expanded-period classes to give them time. Mr. Mills said that they were on block-scheduling with 90-minute classes.

Ms. Hineline then talked about how St. Joseph County is going to be hit hard by the circuit breaker, so their debt will have to be paid before any of their funds. She wanted to know if that will cause an issue with programs they may have to cut if they do the project. In response, Mr. Mills stated that is a possibility, but his main concern is that some of the technology programs are already paid for with capital projects. If they are forced to use capital projects to make up for some other area, it will obviously affect them, as well as many other districts throughout the state. Mr. Curt Pletcher, from Umbaugh, added that the current impact calculated by LSA is based on the debt service rate for 2007. The actual rate, with the addition of the 3.1 cents, will go down to about 65 cents in 2009, so there will actually be a decrease in the total rate.

Mr. Bronnert then stated that Baker Park is relatively close, but they're going to have to cross Lincoln Way, which is US 33, and a railroad line, so he is concerned about that. Mr. Squadroni then said that since they are an urban school, they do not want to buy a block of homes and spend \$1.5 million for a piece of property and then have to put a facility there. So this site was the most presentable to them in order to save the taxpayers money and avoid that type of issue.

Mr. Bronnert then wanted to confirm that they do have 600 signatures, and then he suggested that they each give \$300. He then stated that there have been other school districts that have done that when it came to building athletic facilities.

**Motion:** Mr. Umbaugh made a motion to approve a General Obligation Bond issue in the amount of \$1,975,000. Dr. Seger seconded the motion, which failed to carry by a vote of 3-4. Ms. Hineline, Mr. Bronnert, Mr. Besinger, and Mr. Samuel cast the dissenting votes.